

Our Nation also appreciates the sacrifice of employers across our country who support the important mission of our National Guard and Reserve personnel. Employers across America demonstrate their patriotism by providing time off, pay, health-care benefits, and job security to their Guard and Reserve employees, helping them prepare for their return to families and to civilian life. The commitment of our Nation's employers is a vital and integral part of the success of our Armed Forces.

During National Employer Support of the Guard and Reserve Week, we offer our country's deepest gratitude to the dedicated men and women of the National Guard and Reserve and to the employers who support them in their important service to our Nation.

Now, Therefore, I, George W. Bush, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim September 9 through September 15, 2007, as National Employer Support of the Guard and Reserve Week. I encourage all Americans to join me in expressing our thanks to members of our National Guard and Reserve and their civilian employers for their patriotism and sacrifices on behalf of our Nation. I also call upon State and local officials, private organizations, businesses, and all military commanders to observe this week with appropriate ceremonies and activities.

In Witness Whereof, I have hereunto set my hand this thirtieth day of August, in the year of our Lord two thousand seven, and of the Independence of the United States of America the two hundred and thirty-second.

George W. Bush

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NOTE: This proclamation was released by the Office of the Press Secretary on August 31, and it will be published in the *Federal Register* on September 5.

Remarks on Homeownership Financing and an Exchange With Reporters

August 31, 2007

The President. Good morning. Thank you for joining me. Secretary Paulson and Secretary Jackson gave me an update on the strong fundamentals of our Nation's economy. Economic growth is healthy, and just yesterday we learned that our economy grew at a strong rate of 4 percent in the second quarter of this year. Wages are rising; unemployment is low; exports are up; and steady job creation continues.

We also had a good discussion about the situation in America's financial markets. The markets are in a period of transition as participants reassess and reprice risk. This process has been unfolding for some time, and it's going to take more time to fully play out. As it does, America's overall economy will remain strong enough to weather any turbulence.

One area that has shown particular strain is the mortgage market, especially what's known as the subprime sector of the mortgage market. This market has seen tremendous innovation in recent years as new lending products make credit available to more people. For the most part, this has been a positive development, and the reason why is, millions of families have taken out mortgages to buy their homes and American homeownership is at a near alltime high.

Unfortunately, there's also been some excesses in the lending industry. One of the most troubling developments has been the increase in adjustable rate mortgages that start out with a very low interest rate and then reset to a higher rate after a few years. This has led some homeowners to take out loans larger than they could afford based on overly optimistic assumptions about the future performance of the housing market. Others may have been confused by the terms of their loan or misled by irresponsible lenders. Whatever the reason they chose this kind of mortgage, some borrowers are now unable to make their monthly payments or facing foreclosure.

Complicating the situation for borrowers is the nature of today's mortgage market. In

many cases, the neighborhood banker who issued a family's mortgage does not own that mortgage for long. Instead, mortgages are sold as securities on the global market. And that makes it harder for the lender and borrower to renegotiate.

The recent disturbances in the subprime mortgage industry are modest—they're modest in relation to the size of our economy. But if you're a family—if your family is one of those having trouble making the monthly payments, this problem doesn't seem modest at all. I understand these concerns, and therefore, I've made this a top priority to help our homeowners navigate these financial challenges so that many families as possible can stay in their homes. That's what we've been working on, a plan to help homeowners.

We've got a role—the Government has got a role to play, but it is limited. A Federal bailout of lenders would only encourage a recurrence of the problem. It's not the Government's job to bail out speculators or those who made the decision to buy a home they knew they could never afford. Yet there are many American homeowners who could get through this difficult time with a little flexibility from their lenders or a little help from their Government. So I strongly urge lenders to work with homeowners to adjust their mortgages. I believe lenders have a responsibility to help these good people to renegotiate so they can stay in their home. And today I'm going to outline a variety of steps at the Federal level to help American families keep their homes.

First, we're going to work to modernize and improve the Federal Housing Administration—that's known as the FHA. The FHA is a Government Agency that provides mortgage insurance to borrowers through a network of private sector lenders. Sixteen months ago, I sent Congress an FHA modernization bill that would help more homeowners qualify for this insurance by lowering downpayment requirements, by increasing loan limits, and providing more flexibility in pricing. These reforms would allow the FHA to reach families that need help, those with low incomes, less-than-perfect credit records, or little savings.

Last year, the House passed this bill with more than 400 votes. Unfortunately, Congress hasn't acted this year. It would be a good task for Congress to come and get FHA modernization done so that we can help these people refinance their homes, so more people can stay in their homes. I look forward to signing a bill as quickly as possible.

In the coming days, the FHA will launch a new program called FHASecure. This program will allow American homeowners who have got good credit history but cannot afford their current payments to refinance into FHA-insured mortgages. This means that many families who are struggling now will be able to refinance their loans, meet their monthly payments, and keep their homes. In other words, we're going to start reaching out and making sure people know that this option is available to them so they can stay in their homes.

Second, I'm going to work with Congress to temporarily reform a key housing provision of the Federal Tax Code, which will make it easier for homeowners to refinance their mortgages during this time of market stress. Under current law, homeowners who are unable to meet their mortgage payments can face an unexpected tax bill. For example, let's say the value of your house declines by \$20,000 and your adjustable rate mortgage payments have grown to a level you cannot afford. If the bank modifies your mortgage and forgives \$20,000 of your loan, the Tax Code treats that \$20,000 as taxable income. When your home is losing value and your family is under financial stress, the last thing you need to do is to be hit with higher taxes.

So I believe we need to change the Code to make it easier for people to refinance their homes and stay in their homes. And to this end, I've called Senator Debbie Stabenow of Michigan and told her that she's on to a good idea with the bill that she and George Voinovich have submitted to the Senate. The House has got Rob Andrews of New Jersey and Ron Lewis of Kentucky introducing legislation that is a positive step toward changing the Tax Code so people aren't penalized when they refinance their homes. With a few changes in the Senate version and the House version, this administration can support these bills, and we look forward to working with

them—the Senators and the Members of the House—to pass commonsense legislation to help us address this issue.

Third, my administration will launch a new foreclosure avoidance initiative to help struggling homeowners find a way to refinance. Secretary Jackson and Secretary Paulson are going to reach out to a wide variety of groups that offer foreclosure counseling and refinancing for American homeowners. These groups include community organizations like NeighborWorks and mortgage lenders and loan servicers and the FHA as well as Government-sponsored enterprises like Fannie Mae and Freddie Mac. These organizations exist to help people refinance, and we expect them to do that.

See, it's easy for me to stand up here and talk about refinancing—some people don't even know what I'm talking about. And we need to have a focused effort to help people understand the mortgage financing options available to them or to identify homeowners before they face hardships and help them understand what's possible.

Finally, the Federal Government is taking a variety of actions to make the mortgage industry more transparent, more reliable, and more fair so we can reduce the likelihood that these kind of lending problems won't happen again. Federal banking regulators are improving disclosure requirements to ensure that lenders provide homeowners with complete and accurate and understandable information about their mortgages, including the possibility that their monthly payments could rise dramatically. In other words, we believe that if the consumer is better informed, these kind of problems won't arise—are less likely to arise in the first place. Banking regulators are also strengthening lending standards to help ensure that borrowers are not approved for mortgages larger than they can handle.

This administration will soon issue regulations that require mortgage brokers to fully disclose their fees and closing costs. We're pursuing wrongdoing and fraud in the mortgage industry through the Department of Housing and Urban Development, the Department of Justice, the Federal Trade Commission, and other Agencies. In other words, if you've been cheating somebody, we're going to find you and hold you to account.

And we'll continue to do our part to help improve all aspects of the mortgage marketplace that is really important to this economy of ours.

With all the steps I've outlined today, we will deliver help and hope to American families who need it. We'll help guard against future problems in the housing sector. We'll reaffirm the vital place of homeownership in our Nation. When more families own their own homes, neighborhoods are more vibrant and communities are stronger and more people have a stake in the future of this country.

Owning a home has always been at the center of the American Dream. Together with the United States Congress, I will continue working to help make that dream a reality for more of our citizens. Thank you.

Banking Industry

Q. Sir, what about the hedge funds and banks that are overexposed on the subprime market? That's a bigger problem. Have you got a plan?

The President. Thank you.

NOTE: The President spoke at 11:05 a.m. in the Rose Garden at the White House.

Remarks on the Resignation of Tony Snow as Press Secretary and the Appointment of Dana Perino as Press Secretary and an Exchange With Reporters

August 31, 2007

The President. Thank you. Good afternoon to you.

Tony Snow informed me he's leaving. And I sadly accept his desire to leave the White House, and he'll do so on September the 14th. He is—it's been a joy to watch him spar with you. He's smart; he's capable; he's witty. He's capable of—he's able to talk about issues in a way that the American people can understand.

And I don't know what he's going to do; I'm not sure he does yet either. But whatever it is, it's going to be—two things: One, he'll battle cancer and win, and secondly, he'll be a solid contributor to society.